

MODERNIZATION THROUGH SPARES WORKSHOP

COMMERCIALIZATION/MARKET RESEARCH WORKING GROUP

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OBJECTIVE : The objective of the Commercialization/Market Research Working Group was to provide insight and rationale for the mandated emphasis on market research and the acquisition of commercial items with DOD. This was based on the Federal Acquisition Streamlining Act of 1995 (FASA) which requires federal agencies to conduct market research prior to developing new specifications for procurement and before soliciting bids or proposals for a contract which exceeds \$100,000. The Working Group gave special emphasis to rebuys and spares/repair parts and how market research for commercial items can be achieved to facilitate modernization of weapon systems through spares.

Mrs. Christine Metz, ODUSD(IA&I), gave the first presentation. With responsibility for the rewrite of SD-5, "Market Research for Commercial Items," Mrs. Metz' presentation addressed DoD 5000.2 (Section 2.3.1) and FAR Parts 7, 10, and 11 which give the policy on commercial items. Per Mrs. Metz, the objective is the efficient use of commercial items, services, practices, technologies, and nondevelopmental items. The dilemma is: (1) how do we stay current when we're not part of the commercial industry? and (2) how do we get the information we need for our acquisitions with limited time and resources? Market surveillance and market investigation are the answers. Trade shows, professional societies, technical meetings, and DoD R&D Centers are a few of the ways to obtain market surveillance information, such as general market capabilities, general product characteristics, predominate technologies, and general business practices. Market investigation provides answers to (1) do commercial items meet performance requirements? (2) do trade-offs or modifications make sense? (3) what support services are available? (4) what warranties apply? Possible approaches are to use catalogs, studies, surveys, site visits, draft specifications, requests for proposals, and limited fielding. Additional sources are the internet and CD-ROM tools. Involved in this process are Mission Needs Statements, ORD, and specification developers, program managers, users, logisticians, test and evaluation personnel, contracting officers, and quality personnel.

Principles to follow: start early, involve users, communicate, iterate, tailor the effort, and refine as you proceed. Others things to consider: use teams, document results, share information, and communicate with industry. Mrs. Metz provided the CaNDI/Standardization Home Page address: <http://www.acq.osd.mil/es/std>. Available at this site are the SD-2, "Buying CaNDI Handbook," training schedules, case studies, list of CaNDI advocates, policy and guidance documents, links to other related home pages, and the draft SD-5. In summary, buying commercially results in increased competition, lower life cycle costs, more rapid deployment, proven capability, and higher quality. Further, it gets current technology to the users when they need it-- at an affordable price.

Mr. Ray Vinson, MEVATEC Corporation, gave a presentation on a Market Research Study the U.S. Army Missile Command and MEVATEC conducted as a result of the mandate to perform market research. The purpose of the team study was to develop a methodology for conducting market research and determine necessary tools and technical skills, required effort, and expected results. The first step was to obtain a list of forecast items for repair part purchases and review items listed by National Stock Number and procurement value of \$100,000 or more. Items were selected and/or rejected based on item name, part characteristics, military uniqueness, and likelihood of commercial availability. Of the initial 695 items, 6 were selected for the study. After the selection process, part data was collected and analyzed. The first step was to query the Digital Storage and Retrieval for Engineering Data System for drawings, identify reference documents, and analyze requirements. To determine part requirements, the technical data package (TDP) had to be assembled, each drawing reviewed, critical functional requirements determined, and data put into useable format. This proved to be time-consuming. Next, vendors were identified using Haystack, Thomas Register, and the Internet. The three databases revealed hundreds of vendors for some parts and thousands for others. Based on this, a decision was made that 5 good sources for each item would be sufficient for the study, starting with a randomly selected sample of 10 vendors for each part. Telephone calls followed to determine if vendors were still in business, still supplying the item, wanting to conduct business with the government, and willing to respond to the market research study. The attached market research survey form was faxed to the vendor point of contact along with a document description sheet (requirements). Follow-up contacts were made by telephone to companies that failed to respond on a timely basis. The returned information,

including the survey, vendor data sheets, vendor catalog sheets, etc., were reviewed and analyzed. A determination was then made on the commercial availability of a substitute item. A few of the lessons learned: (1) the Technical Data Package List should be requested for each part at the beginning because this list contains the referenced drawings, specifications, and standards, and identifies drawings that contain restricted property rights; (2) the review process is time-consuming due to the size and complexity of the TDPs; (3) the effort requires an indepth ability to read and comprehend detailed technical drawings and other documentation; (4) a database needs to be developed; (5) not all vendors are interested in doing business with the government. The study will continue to ensure that the process does not impact the administration and procurement lead times.

Through much discussion, the working group members decided that commercialization associated with modernization through spares does not include product improvement programs, obsolete items, readiness issues, maintenance problems, or cost drivers. Barriers identified in achieving the market research mandate are no assignment of responsibility, lack of funding, small quantity/density, and existing technical data packages. In conclusion, the group made recommendations to accomplish the market research/commercialization mandate: (1) charter command level teams, (2) continue to place emphasis on performance specifications, (3) provide funding, and (4) have communication exist between government and industry.